

# MARIN COUNTY

Audit Report

## ABSENTEE BALLOTS PROGRAM

Chapter 77, Statutes of 1978; Chapter 920, Statutes of 1994;  
and Chapter 1032, Statutes of 2002

*July 1, 2002, through June 30, 2006*



JOHN CHIANG  
California State Controller

June 2009



**JOHN CHIANG**  
**California State Controller**

June 30, 2009

The Honorable Harold C. Brown, Jr.  
President, Board of Supervisors  
Marin County  
3501 Civic Center Drive, Room 329  
San Rafael, CA 94903

Dear Mr. Brown, Jr.:

The State Controller's Office audited the costs claimed by Marin County for the legislatively mandated Absentee Ballot Program (Chapter 77, Statutes of 1978; Chapter 920, Statutes of 1994; and Chapter 1032, Statutes of 2002) for the period of July 1, 2002, through June 30, 2006.

The county claimed \$1,007,904 during the audit period. Our audit disclosed that \$859,779 is allowable and \$148,125 is unallowable. The costs are unallowable because the county misstated salaries, benefits, and indirect costs; overstated services, supplies, ballots cast, and offsetting revenues. The State paid the county \$540,820. The State will pay allowable costs claimed that exceed the amount paid, totaling \$318,959, contingent upon available appropriations.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, at (916) 323-5849.

Sincerely,

*Original signed by*

**JEFFREY V. BROWNFIELD**  
Chief, Division of Audits

JVB/vb

cc: Bryon Karow  
Assistant Auditor-Controller  
Marin County  
Elaine Ginnold, Registrar of Voters  
Marin County  
Margie Castillo Roberts, Audit Manager  
Marin County Auditor-Controller's Office  
Todd Jerue, Program Budget Manager  
Corrections and General Government  
Department of Finance

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# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by Marin County for the legislatively mandated Absentee Ballots Program (Chapter 77, Statutes of 1978; Chapter 920, Statutes of 1994; and Chapter 1032 Statutes of 2002) for the period of July 1, 2002, through June 30, 2006.

The county claimed \$1,007,904 for the mandated program. Our audit disclosed that \$859,779 is allowable and \$148,125 is unallowable. The costs are unallowable because the county misstated salaries, benefits, and indirect costs, and overstated services, supplies, ballots cast, and offsetting revenues. The State paid the county \$540,820. The State will pay allowable costs claimed that exceed the amount paid, totaling \$318,959, contingent upon available appropriations.

## Background

Election Code section 3003 (added by Chapter 77, Statutes of 1978, and amended by Chapter 920, Statutes of 1994) requires absentee ballots to be available to any registered voter without conditions. Prior law required that absentee ballots be provided only when the voter met one of the following conditions: illness; absence from precinct on election day; physical handicap; conflicting religious commitments; or residence more than ten miles from the polling place.

Election Code section 3024 (added by Chapter 1032, Statutes of 2002, effective September 28, 2002) prohibits local agencies from fully or partially prorating their costs to school districts. Therefore, the law excludes school districts, county boards of education, and community college districts from claiming costs under the mandated Absentee Ballots Program when they do not administer their own elections. However, school districts that administer their own elections are eligible claimants on or after September 28, 2002.

On June 17, 1981, the Board of Control (now the Commission on State Mandates [CSM]) determined that Chapter 77, Statutes of 1978; Chapter 920, Statutes of 1994; and Chapter 1032, Statutes of 2002, imposed a state mandate reimbursable under Government Code section 17561.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. CSM adopted parameters and guidelines on August 12, 1982, and last amended it on February 27, 2003. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies and school districts in claiming mandated program reimbursable costs.

**Objective, Scope,  
and Methodology**

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Absentee Ballots Program for the period of July 1, 2002, through June 30, 2006.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

We conducted this performance audit under the authority of Government Code sections 12410, 17558.5, and 17561. We did not audit the county's financial statements. We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We limited our review of the county's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

**Conclusion**

Our audit disclosed instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, Marin County claimed \$1,007,904 for costs of the Absentee Ballots Program. Our audit disclosed that \$859,779 is allowable and \$148,125 is unallowable.

The State paid the county \$540,820. The State will pay allowable costs claimed that exceed the amount paid, totaling \$318,959, contingent upon available appropriations.

**Views of  
Responsible  
Official**

We issued a draft audit report on February 27, 2009. Bryon Karow, Assistant Auditor-Controller, responded by letter dated April 10, 2009 (Attachment), agreeing with Findings 4 and 5, accepting Finding 2, and disagreeing with Finding 1. The county also stated that the resolution to Finding 3 is contingent upon the SCO accepting the county's plan of providing additional documentation to support direct costs claimed for FY 2002-03 and FY 2003-04. This final report includes the county's response to the draft audit report.

Subsequent to the issuance of the draft report, we reviewed and accepted the additional documentation the county provided in support of reimbursable salaries and benefits identified in Finding 1, and updated the related indirect cost adjustment in Finding 3. In addition, we corrected an error used in the formula to calculate offsetting revenues in Finding 5. Based on these adjustments, unallowable costs decreased by \$97,468, from \$245,593 to \$148,125.

We discussed the revisions to the draft report with Elaine Ginnold, Registrar of Voters, Margie Roberts, Audit Manager; and Danny Briones, Accounting Manager, on June 9, 2009. Ms. Ginnold and Ms. Roberts agreed with the revised audit results.

**Restricted Use**

This report is solely for the information and use of Marin County, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

*Original signed by*

JEFFREY V. BROWNFIELD  
Chief, Division of Audits

June 30, 2009

**Schedule 1—  
Summary of Program Costs  
July 1, 2002, through June 30, 2006**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2002, through June 30, 2003</u>				
Direct costs:				
Salaries and benefits	\$ 82,683	\$ 47,625	\$ (35,058)	Finding 1
Services and supplies	<u>56,277</u>	<u>56,277</u>	<u>—</u>	
Total direct costs	138,960	103,902	(35,058)	
Indirect costs	<u>60,938</u>	<u>35,100</u>	<u>(25,838)</u>	Finding 3
Total direct and indirect costs	199,898	139,002	<u>\$ (60,896)</u>	
Number of absentee ballots cast	<u>÷ 46,564</u>	<u>÷ 43,576</u>	<u>(2,988)</u>	Finding 4
Cost per absentee ballot cast	\$ 4.29295	\$ 3.18988		
Number of reimbursable absentee ballots	<u>× 39,837</u>	<u>× 36,849</u>		
Total cost of reimbursable absentee ballots	171,018	117,544	\$ (53,474)	
Less offsetting revenues	<u>(45,967)</u>	<u>(38,871)</u>	<u>7,096</u>	
Total program costs	<u>\$ 125,051</u>	78,673	<u>\$ (46,378)</u>	
Less amount paid by the State		<u>—</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 78,673</u>		
<u>July 1, 2003, through June 30, 2004</u>				
Direct costs:				
Salaries and benefits	\$ 152,945	\$ 95,606	\$ (57,339)	Finding 1
Services and supplies	<u>193,504</u>	<u>193,504</u>	<u>—</u>	
Total direct costs	346,449	289,110	(57,339)	
Indirect costs	<u>143,157</u>	<u>69,697</u>	<u>(73,460)</u>	Finding 3
Total direct and indirect costs	489,606	358,807	<u>\$ (130,799)</u>	
Number of absentee ballots cast	<u>÷ 105,167</u>	<u>÷ 101,164</u>	<u>(4,003)</u>	Finding 4
Cost per absentee ballot cast	\$ 4.65550	\$ 3.54679		
Number of reimbursable absentee ballots	<u>× 89,391</u>	<u>× 85,388</u>		
Total cost of reimbursable absentee ballots	416,160	302,853	\$ (113,307)	
Less offsetting revenues	<u>(74,127)</u>	<u>(62,567)</u>	<u>11,560</u>	
Total program costs	<u>\$ 342,033</u>	240,286	<u>\$ (101,747)</u>	
Less amount paid by the State		<u>—</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 240,286</u>		

## Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2004, through June 30, 2005</u>				
Direct costs:				
Salaries and benefits	\$ 105,094	\$ 111,263	\$ 6,169	Finding 1
Services and supplies	119,385	119,385	—	
Total direct costs	224,479	230,648	6,169	
Indirect costs	85,862	92,682	6,820	Finding 3
Total direct and indirect costs	310,341	323,330	<u>\$ 12,989</u>	
Number of absentee ballots cast	÷ 88,446	÷ 87,957	<u>(489)</u>	Finding 4
Cost per absentee ballot cast	\$ 3.50883	\$ 3.67600		
Number of reimbursable absentee ballots	× 77,894	× 77,405		
Total cost of reimbursable absentee ballots	273,317	284,541	11,224	
Less offsetting revenues	(72,360)	(66,473)	5,887	Finding 5
Less allowable costs that exceed costs claimed <sup>2</sup>	—	(17,111)	<u>(17,111)</u>	
Total program costs	<u>\$ 200,957</u>	200,957	<u>\$ —</u>	
Less amount paid by the State		<u>(200,957)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		
<u>July 1, 2005, through June 30, 2006</u>				
Direct costs:				
Salaries and benefits	\$ 167,567	\$ 180,004	\$ 12,437	Finding 1
Services and supplies	206,252	194,228	(12,024)	Finding 2
Total direct costs	373,819	374,232	413	
Indirect costs	158,351	167,044	8,693	Finding 3
Total direct and indirect costs	532,170	541,276	<u>\$ 9,106</u>	
Number of absentee ballots cast	÷ 92,523	÷ 90,072	<u>(2,451)</u>	Finding 4
Cost per absentee ballot cast	\$ 5.75177	\$ 6.00937		
Number of reimbursable absentee ballots	× 81,691	× 79,240		
Total cost of reimbursable absentee ballots	469,868	476,182	6,314	
Less offsetting revenues	(130,005)	(114,371)	15,634	Finding 5
Less allowable costs that exceed costs claimed <sup>2</sup>	—	(21,948)	<u>(21,948)</u>	
Total program costs	<u>\$ 339,863</u>	339,863	<u>\$ —</u>	
Less amount paid by the State		<u>(339,863)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		

## Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>Summary: July 1, 2002, through June 30, 2006</u>				
Total cost of reimbursable absentee ballots	\$ 1,330,363	\$ 1,181,120	\$ (149,243)	
Less offsetting revenues	(322,459)	(282,282)	40,177	
Less allowable costs that exceed costs claimed <sup>2</sup>	<u>—</u>	<u>(39,059)</u>	<u>(39,059)</u>	
Total program costs	<u>\$ 1,007,904</u>	859,779	<u>\$ (148,125)</u>	
Less amount paid by the State		<u>(540,820)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 318,959</u>		

<sup>1</sup> See the Findings and Recommendations section.

<sup>2</sup> Government Code section 17561 stipulates that the State will not reimburse any claim more than one year after the filing deadline specified in the SCO's claiming instructions. That deadline has expired for FY 2004-05 and FY 2005-06.

# Findings and Recommendations

**FINDING 1—  
Misstated salaries and  
benefits**

The county misstated salaries and benefits by \$73,791 for the audit period. It overstated salaries and benefits in fiscal year (FY) 2002-03 and FY 2003-04 by \$92,397, and understated salaries and benefits in FY 2004-05 and FY 2005-06 by \$18,606. Salaries and benefits are misstated for the following reasons:

- Allowable hours were less than claimed costs for FY 2002-03. The county provided timesheets that identified election costs, but not the portion related to absentee ballots. Based on actual hours incurred for the FY 2006-07 Gubernatorial Elections, the county supported 57.60% of the hours claimed.
- For FY 2003-04, allowable hours were less than claimed hours. The county claim did not include details of hours worked or the hourly rate, only the total costs. We determined the total hours worked and the hourly rate based on time records and payroll records the county provided. Based on actual hours incurred for the FY 2007-08 UDEL Elections, the county supported 62.51% of the hours claimed.
- For FY 2004-05 and FY 2005-06, allowable hours were more than claimed hours per our calculation from the county’s records.

The following table summarizes the audit adjustment:

	Fiscal Year				Total
	2002-03	2003-04	2004-05	2005-06	
Salaries and benefits	\$ (35,058)	\$ (57,339)	\$ 6,169	\$ 12,437	\$ (73,791)
Audit adjustment	\$ (35,058)	\$ (57,339)	\$ 6,169	\$ 12,437	\$ (73,791)

The program’s parameters and guidelines specify that only actual increased costs incurred in the performance of the mandated activities are reimbursable.

Recommendation

We recommend that the county claim only those mandate-related costs that it can support with appropriate source documents.

County’s Response

The crux of this finding was that the County’s timesheets, which contemporaneously identified elections costs for the various fiscal years audited, did not specifically break out absentee ballots time for 2002-2003 and 2003-2004. Due to a previous SCO field audit of this program, the County remedied this oversight in later years.

While the County's time sheets from the two earlier years lacked the specificity the SCO was looking for, it is crystal clear that the County performed the mandated AB activities during 2002-2003 and 2003-2004, just as it has during each year since the original AB law was enacted in 1978. Due to the timing of elections, Marin County is highly reliant upon temporary help just before and after elections, especially to help process absentee ballots. In fact, many of the time sheets provided to the SCO as part of this audit were for part-time personnel who did nothing but process absentee ballots as prescribed by state law.

This issue in this case isn't if the County performed the mandate. The issue involves documentation, and what is adequate documentation to satisfy the State Controller's field auditors.

After the last AB audit, the SCO accepted AB time documentation from a more recent period to support costs claimed during an earlier fiscal year. We are also aware that this courtesy was extended to the City and County of San Francisco as part of their AB audit, and other counties as well.

Attached to this response in Appendix A is a list of Marin County elections from FY 2002-2003 to 2007-2008. We respectfully propose that the SCO allow our County to use documentation from a more recent election, which clearly identifies AB personnel costs, as acceptable back up documentation for elections during the two older fiscal years in question. For instance, the time for the Gubernatorial General Election in FY 2006-07 could be applied to the same election type during FY 2001-02, and also the time for the Uniform District Elections (UDEL) in FY 2007-08 could be applied to the same election type during FY 2002-03 adjusting for the number of voters processed.

We believe this is a fair solution to Finding 1, and we hope the SCO agrees with this cost accounting methodology in Absentee Ballots direct labor cost calculation.

#### SCO's Comment

We reviewed and accepted the additional documentation the county provided that reduced unallowable costs for FY 2002-03 and FY 2003-04. Consequently, we updated the finding to reflect a reduction in unallowable salaries and benefits by \$53,694, from \$127,485 to \$73,791.

**FINDING 2—  
Unallowable services  
and supplies**

The county claimed \$12,024 in unallowable costs for FY 2005-06. The costs are unallowable because the county claimed costs for absentee voter application booklets included with sample ballots; the costs of these booklets are non-reimbursable.

Election Code section 13300 requires counties to provide sample ballots to voters. This statutory requirement pre-dates the mandate cost programs.

The following table summarizes the non-reimbursable costs:

	Fiscal Year 2005-06
Allowable services and supplies	\$ 194,228
Claimed services and supplies	<u>(206,252)</u>
Audit adjustment	<u>\$ (12,024)</u>

Recommendation

We recommend that the county claim only those costs that are reimbursable under the mandated program.

District’s Response

While the County disagrees with the SCO’s interpretation of AB voter application booklets as being part of existing law, The County accepts this audit finding.

SCO’s Comment

Our finding and recommendation remain unchanged.

In its response, the county stated that it “disagrees with SCO’s interpretation of AB voter application booklet and sample ballots as being part of existing law but accepts the finding”. However, the county did not provide any additional documentation to refute the finding. Election Code section 13300 requires the county to provide sample ballots to voters. This statutory requirement pre-dates mandated cost programs.

**FINDING 3—  
Overstated and  
understated indirect  
costs**

The county misstated its indirect costs by \$83,785. The county overstated indirect costs for FY 2002-03 and FY 2003-04 by \$99,298, and understated indirect costs for FY 2004-05 and FY 2005-06 by \$15,513. The errors occurred because of unallowable salaries and benefits identified in Finding 1 and misstated indirect cost rates.

The indirect cost rates were misstated for FY 2003-04 through FY 2005-06 because of the following:

- In calculating the indirect cost rate proposal (ICRP) for FY 2003-04, the county erroneously used the total direct salaries, benefits and indirect costs figure totaling \$717,784, from FY 2002-03, instead of \$597,152 from the current year.
- The county used indirect salaries and wages from FY 2003-04 for both FY 2004-05 and FY 2005-06.

The parameters and guidelines state that indirect costs are eligible for reimbursement when allocated in accordance with the provisions of federal Office of Management and Budget Circular A-87 (Title 2, CFR, Part 225).

The following table shows the allowable and claimed indirect cost rates:

	Fiscal Year			
	2002-03	2003-04	2004-05	2005-06
Allowable indirect cost rate	73.70%	72.90%	83.30%	92.80%
Less claimed indirect cost rate	(73.70)%	(93.60)%	(81.70)%	(94.50)%
Difference	—	(20.70)%	1.60%	(1.70)%

The following table summarizes the audit adjustment:

	Fiscal Year				Total
	2002-03	2003-04	2004-05	2005-06	
Allowable salaries and benefits	\$ 47,625	\$ 95,606	\$ 111,263	\$ 180,004	
Allowable indirect cost rate	× 73.70%	× 72.90%	× 83.30%	× 92.80%	
Allowable indirect cost	35,100	69,697	92,682	167,044	\$ 364,523
Claimed indirect cost	(60,938)	(143,157)	(85,862)	(158,351)	(448,308)
Audit adjustment	\$ (25,838)	\$ (73,460)	\$ 6,820	\$ 8,693	\$ (83,785)

#### Recommendation

We recommend that the county ensure that indirect costs claimed are supported by an acceptable indirect cost rate proposal prepared in accordance with Title 2, CFR, Part 225.

#### District's Response

The solution to this finding is completely contingent on the SCO accepting the County's plan for providing additional documentation to support the direct costs claimed during 2002-2003 and 2003-2004. The indirect costs for those years will not be overstated if the County and SCO can agree on the additional documentation needed to support those two AB claims.

#### SCO's Comment

We updated the finding to incorporate the additional allowable costs identified in Finding 1. Consequently, unallowable indirect costs decreased by \$39,525, from \$123,310 to \$83,785.

**FINDING 4—  
Overstated ballots cast**

The county overstated the number of absentee ballots cast by 9,931 for the audit period. For FY 2002-03 through FY 2005-06, the county claimed 332,700 absentee ballots cast. However, the certified results for the number of absentee ballots cast for the same period was 322,769.

The parameters and guidelines allow the county reimbursement based on the actual number of absentee ballots cast.

The following table summarizes the overstated ballots cast:

	Fiscal Year				Total
	2002-03	2003-04	2004-05	2005-06	
Allowable reimbursable ballots casts	43,576	101,164	87,957	90,072	322,769
Claimed reimbursable ballots casts	(46,564)	(105,167)	(88,446)	(92,523)	(332,700)
Difference	(2,988)	(4,003)	(489)	(2,451)	(9,931)

Recommendation

We recommend that the county accurately report absentee ballots cast to correctly compute mandated program reimbursable costs.

District's Response

The County agrees with this finding by the State.

**FINDING 5—  
Overstated offsetting  
revenues**

The county overstated offsetting revenues by \$40,177 for the audit period. The overstatement resulted because the county reported total absentee ballot revenue received rather than absentee ballot revenue attributable to the number of reimbursable absentee ballots. Local agencies calculate the number of reimbursable absentee ballots based on the total number of ballots cast and the number of absentee ballots cast during the claim year and during the period January 1, 1975, through December 30, 1978.

The parameters and guidelines state, “Reimbursement for this mandate from any source, including but not limited to service fees collected, federal funds, and other state funds, shall be identified and deducted from this claim.”

The following table summarizes the audit adjustment:

	Fiscal Year				Total
	2002-03	2003-04	2004-05	2005-06	
Absentee ballot offsetting revenue received	\$ (45,967)	\$ (74,127)	\$ (75,535)	\$ (130,005)	
Number of absentee ballots casts	÷ 43,576	÷ 101,164	÷ 87,957	÷ 90,072	
Offsetting revenue per absentee ballot cast	(1.05487)	(0.73274)	(0.85877)	(1.44335)	
Number of reimbursable absentee ballot	× 36,849	× 85,388	× 77,405	× 79,240	
Allowable offsetting revenues	(38,871)	(62,567)	(66,473)	(114,371)	\$(282,282)
Offsetting revenues claimed	45,967	74,127	72,360	130,005	322,459
Audit adjustment	\$ 7,096	\$ 11,560	\$ 5,887	\$ 15,634	\$ 40,177

Recommendation

We recommend that the county offset its mandated cost program expenditures by only those offsetting revenues attributable to the number of reimbursable absentee ballots.

District’s Response

The County agrees with this finding by the State.

SCO’s Comment

This final report corrects the formula used in the draft report to calculate offsetting revenues. As a result, the offsetting revenues finding decreased by \$43,352, from an overstated \$3,175 to an understated \$40,177.

The final report calculates offsetting revenues on the reimbursable portion of absentee ballots rather than 100% of absentee ballots.

**Attachment—  
County’s Response to  
Draft Audit Report**

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**BRYON A. KAROW, C.P.F.O.**  
**Assistant Auditor-Controller**

(415) 499-6154

**GARY L. BURROUGHS**  
Deputy Auditor-Controller

FAX (415) 499-6960



April 10, 2009

Mr. Jim L. Spano  
Chief of Compliance Audits Bureau  
State Controller's Office, Division of Audits  
P.O. Box 942850  
Sacramento, CA 94250-5874

Dear Mr. Spano:

The County of Marin has received the State Controller's Office draft audit findings for the Absentee Ballots state mandated cost program. The County appreciates the opportunity to respond to the audit. Our responses to the audit's preliminary findings are attached.

Please contact me or Margie Roberts of my staff at (415) 499-6925 if you have any questions.

Sincerely,

Bryon Karow  
Assistant Auditor Controller  
Marin County

## County of Marin

### *Response to State Controller's Draft Audit Findings*

#### **Absentee Ballots Program**

Chapter 77, Statutes of 1978, Chapter 920, Statutes of 1994, Chapter 1031, Statutes of 2002

Period of Audit: July 1, 2002 through June 30, 2006

#### **Introduction and General Discussion**

In this response, the County of Marin (County) presents its key disagreements with the State Controller's Office (SCO) findings in its audit of the Absentee Ballots (AB) program, and a proposed resolution to this some of the findings from this audit.

The SCO's field audit of the Absentee Ballots program contains five findings.

Finding 1 – Misstated salaries and benefits

Finding 2 – Unallowable services and supplies

Finding 3 – Overstated and understated indirect costs

Finding 4 – Overstated ballots cast

Finding 5 – Understated offsetting revenues

**Finding 1 – Misstated salaries and benefits.** The crux of this finding was that the County's timesheets, which contemporaneously identified elections costs for the various fiscal years audited, did not specifically break out absentee ballots time for 2002-2003 and 2003-2004. Due to a previous SCO field audit of this program, the County remedied this oversight in later years.

While the County's time sheets from the two earlier years lacked the specificity the SCO was looking for, it is crystal clear that the County performed the mandated AB activities during 2002-2003 and 2003-2004, just as it has during each year since the original AB law was enacted in 1978. Due to the timing of elections, Marin County is highly reliant upon temporary help just before and after elections, especially to help process absentee ballots. In fact, many of the time sheets provided to the SCO as part of this audit were for part-time personnel who did nothing but process absentee ballots as prescribed by state law.

The issue in this case isn't if the County performed the mandate. The issue involves documentation, and what is adequate documentation to satisfy the State Controller's field auditors.

After the last AB audit, the SCO accepted AB time documentation from a more recent period to support costs claimed during an earlier fiscal year. We are also aware that this courtesy was extended to the City and County of San Francisco as part of their AB audit, and other counties as well.

Attached to this response in Appendix A is a list of Marin County elections from FY 2002-2003 to 2007-2008. We respectfully propose that the SCO allow our County to use documentation from a more recent election, which clearly identifies AB personnel costs, as acceptable back up documentation for elections during the two older fiscal years in question. For instance, the time for the gubernatorial general election in FY 2006-07 could be applied to the same election type during FY 2001-02, and also the time for the Uniform District Elections (UDEL) in FY 2007-08 could be applied to the same election type during FY 2002-03 adjusting for the number of voters processed.

We believe this is a fair solution to Finding 1, and we hope the SCO agrees with this cost accounting methodology in Absentee Ballots direct labor cost calculation.

**Finding 2 – Unallowable services and supplies.** While the County disagrees with the SCO's interpretation of AB voter application booklets as being part of existing law, The County accepts this audit finding.

**Finding 3 – Overstated and understated indirect costs.** The solution to this finding is completely contingent on the SCO accepting the County's plan for providing additional documentation to support the direct costs claimed during 2002-2003 and 2003-2004. The indirect costs for those years will not be overstated if the County and SCO can agree on the additional documentation needed to support those two AB claims.

**Finding 4 – Overstated ballots cast.** The County agrees with this finding by the State.

**Finding 5 – Understated offsetting revenues.** The County agrees with this finding by the State.

### **Conclusion**

Marin County appreciates the opportunity to work with the State Controller on this audit. The County has made great progress in its time keeping over the past few years, and is doing an excellent job documenting its Absentee Ballots costs in a manner that the State Controller believes is in accordance with the program's parameters and guidelines, as well as the State's claiming instructions. As for the AB claims filed during 2002-2003 and 2003-2004, the County made its best faith effort to maintain adequate time records during that time, but apparently fell short of what the State requires. There is no dispute that Marin County performed all mandated aspects of the Absentee Ballots program, and did its best to provide the services imposed on it by the State of California.

We believe that our County has devised a fair and equitable plan for documenting the AB personnel time claimed during those two fiscal years, and we look forward to working with the SCO on the details of this project.







TYPE OF ELECTION	percentage coverage column (b) and (d)				percentage coverage						
	(a)	(b)	(c)	(d)	(a)	(b)	(c)	(d)			
FY 02-03	Gross Absentee Ballot count (data supplied by Registrar of Voters)	Net reimbursable Absentee Ballot count due to increased level of service (calculation based on SCO perimeter and guidelines on AB Program)	FY 06-07	Gross Absentee Ballot count (data supplied by Registrar of Voters)	Net reimbursable Absentee Ballot count due to increased level of service (calculation based on SCO perimeter and guidelines on AB Program)	FY 03-04	Gross Absentee Ballot count (data supplied by Registrar of Voters)	Net reimbursable Absentee Ballot count due to increased level of service (calculation based on SCO perimeter and guidelines on AB Program)	FY 07-08	Gross Absentee Ballot count (data supplied by Registrar of Voters)	Net reimbursable Absentee Ballot count due to increased level of service (calculation based on SCO perimeter and guidelines on AB Program)
Gubernatorial General Uniform District Elections	37,986	32,179	62,735	55,864	57.60%	22,706	19,669	34,562	31,469	62.51%	
Presidential Direct and Primary						38,084	32,645	104,445	93,599	34.89%	
Salaries and Benefits cost	Actual Claimed cost FY02-03 82,683	Actual cost to be claimed FY06-07 78,961	Actual Claimed cost FY03-04 152,945	Actual cost to be claimed FY07-08 139,645							
APPENDIX B											



## REGISTRAR OF VOTERS

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ELAINE GINNOLD  
Registrar of Voters

MELVIN BRIONES  
Assistant Registrar of Voters

April 10, 2009

To whom it may concern,

For fiscal years 2002-03 and 2003-04, the Marin County Registrar of Voters hired extra-hires for the sole purpose of processing Absentee Ballots. The Registrar of Voters performed all mandated aspects of the Absentee Ballots program as prescribed by the Secretary of State. As the Assistant Registrar of Voters for the County of Marin, I certify, under penalty of perjury, that the statements contained within this document are true and correct to the best of my knowledge.

Respectfully submitted,

A handwritten signature in blue ink that reads "Melvin Briones".

Melvin Briones  
Assistant Registrar  
County of Marin

**State Controller's Office  
Division of Audits  
Post Office Box 942850  
Sacramento, CA 94250-5874**

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